

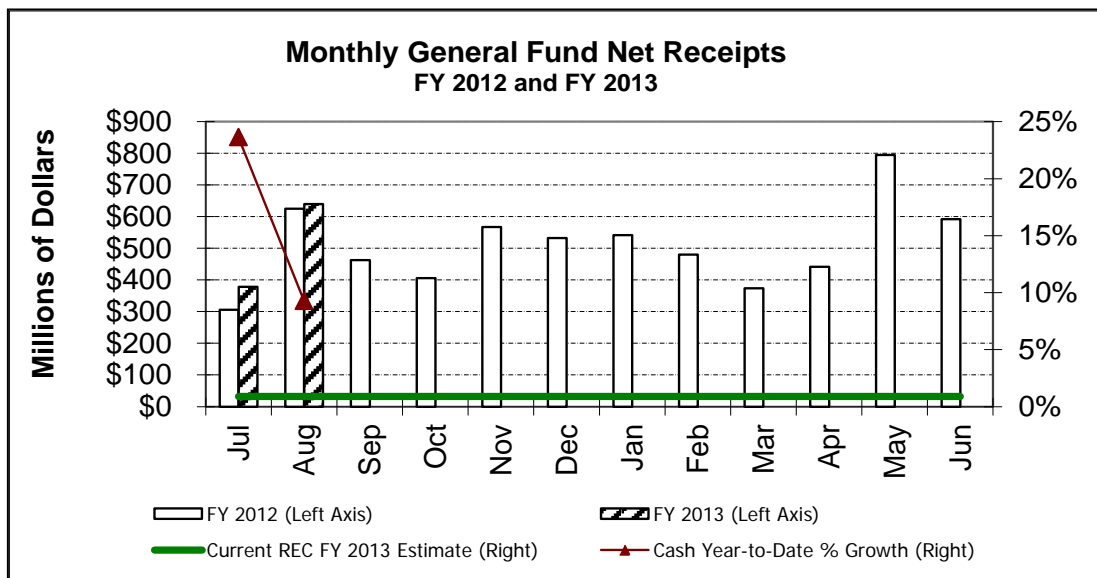
TO: Members of the Iowa Senate and  
 Members of the Iowa House of Representatives

FROM: Jeff Robinson and Shawn Snyder

DATE: September 4, 2012

## Monthly General Fund Receipts through August 31, 2012

The attached spreadsheet presents FY 2013 General Fund total net receipts with comparable figures for actual FY 2012. The figures can be compared to the FY 2013 estimate of \$6.193 billion set by the Revenue Estimating Conference (REC) on March 23, 2012. The FY 2013 estimate is an increase of \$53.9 million (0.9%) compared to actual FY 2012 total net receipts (excludes transfers). The next REC meeting has not been scheduled.



## Overview of Current Situation

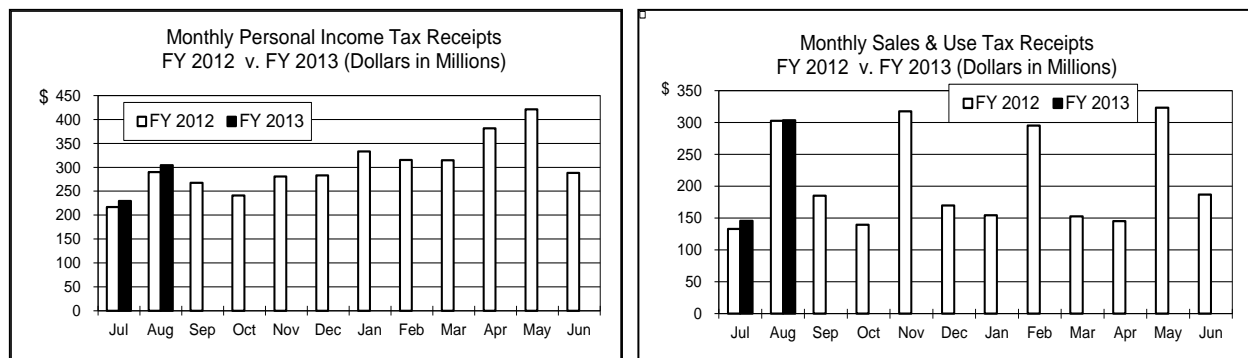
August 2012 net General Fund revenue was \$14.1 million (2.3%) above the August 2011 revenue level. The August increase was partially impacted by a deposit timing issue that positively impacted August 2011 tax receipts. Year-to-date net tax receipts are \$86.3 million (9.3%) higher than FY 2012. Major sources of tax revenue and their contribution to the August 2012 change include:

- Personal income tax (positive \$26.8 million, 5.3%)
- Sales/use tax (positive \$13.4 million, 3.1%)
- Corporate tax (positive \$25.2 million, 68.5%)

- Other taxes (positive \$1.3 million, 1.9%)
- Other receipts (positive \$2.0 million, 5.0%)
- Tax refunds not including school infrastructure refunds (positive \$20.9 million)
- School infrastructure sales/use tax refunds (negative \$3.3 million)

**Personal Income Tax** revenue received in August totaled \$304.2 million, an increase of \$14.0 million (4.8%) compared to August 2011.

The FY 2013 REC income tax estimate of \$3.787 billion represents a projected increase of 4.2% compared to actual FY 2012. Through August, personal income tax receipts have increased \$26.8 million (5.3%). By subcategory, withholding payments increased \$16.6 million (3.6%), estimate payments increased \$6.9 million (24.8%), and payments with returns increased \$3.3 million (17.1%). The following chart compares FY 2013 monthly income tax receipts from the three personal income tax subcategories with FY 2012.



**Sales/Use Tax** receipts received in August totaled \$303.4 million, an increase of \$0.6 million (0.2%) compared to August 2011.

The REC estimate for FY 2013 sales/use tax receipts is \$2.538 billion, an increase of 1.3% compared to actual FY 2012. Year-to-date sales/use tax receipts total \$449.2 million, an increase of \$13.4 million (3.1%) compared to FY 2012. The preceding chart compares FY 2013 monthly sales/use tax receipts with FY 2012.

**Corporate Tax** receipts received in August totaled \$15.7 million, an increase of \$1.9 million (13.8%) compared to August 2011.

The REC estimate for FY 2013 corporate tax revenue is \$511.3 million, a decrease of 1.8% compared to actual FY 2012. Through August, corporate tax receipts have increased \$25.2 million (68.5%).

**Other tax receipts** received in August totaled \$55.0 million, an increase of \$0.3 million (0.5%) compared to August 2011.

The REC estimate for FY 2013 other tax revenue is \$347.7 million, a decrease of 2.1% compared to actual FY 2012. Through August, other tax receipts have increased 1.9%.

**Other receipts** (non-tax receipts) received in August totaled \$17.4 million, a decrease of \$4.8 million (-21.6%) compared to August 2011. Timing of liquor profit and miscellaneous receipt deposits that occurred in July were reversed in August and accounted for a majority of the decrease.

The REC estimate for FY 2013 other receipts revenue is \$338.2 million, a decrease of 5.2% compared to actual FY 2012. Year-to-date other receipts have increased 5.0% through August.

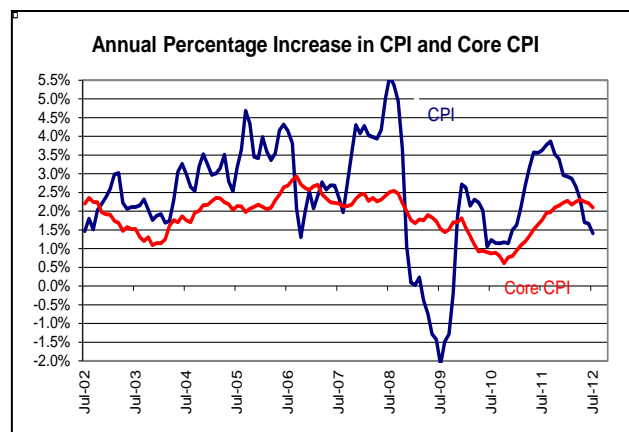
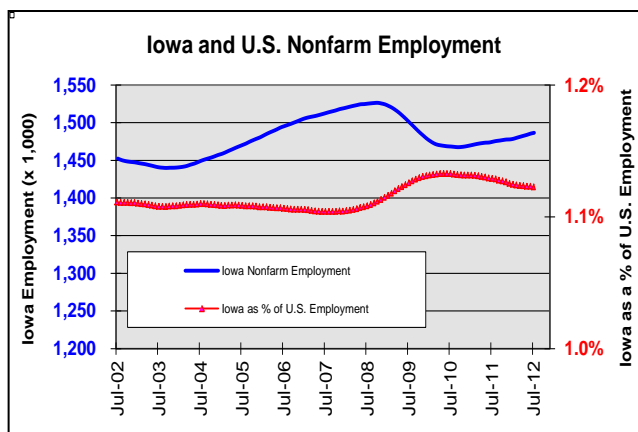
**Tax Refunds** issued in August totaled \$22.8 million, a decrease of \$2.5 million (-4.8%) compared to August 2011. In addition, school infrastructure refunds totaled \$33.4 million in August, an increase of \$0.6 million compared to August 2011.

## Status of the Economy

Iowa nonfarm employment was reported at 1,481,500 for the month of July (not seasonally adjusted), 19,900 higher (1.3%) than July 2011.

Iowa's 12-month average employment is presented as the blue line on the following graph. Iowa's average nonfarm employment peaked in October 2008 at 1,526,400, and was 47,700 above the peak prior to the previous recession (January 2001). The current 12-month average reading is now 1,486,600, resulting in an annual average Iowa nonfarm employment level 39,800 below the October 2008 peak.

The employment chart also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002, decreased at a much slower pace from 2002 through 2007, and increased from January 2008 through June 2010. Since that time, Iowa's percent of U.S. employment has declined as the percentage growth in U.S. employment has exceeded the percentage growth in Iowa employment.



The Consumer Price Index (CPI-U) through July 2012 was 229.1 (1983/84=100). Consumer prices decreased 0.1% in July (not seasonally adjusted) and the annual rate of inflation decreased to 1.4% from the previous month's level of 1.7%.

Core CPI, an inflation measure excluding food and energy expenditures, remained unchanged in July and totaled 2.1% year-over-year. The annual rate of core inflation decreased for the third consecutive month, and the fourth time in the past six months. For the two components excluded from the core rate, energy prices are down 5.0% year-over-year while food prices are up 2.3%.

Information related to State General Fund receipts is available on the Fiscal Services Division's web site at: <http://www.legis.state.ia.us/receipts/daily.html>

GENERAL FUND RECEIPTS - FY 2012 vs. FY 2013 July 1 through August 31 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 12 Actual Compared to FY 13 REC Estimate		
	FY 2012	FY 2013	Year to Date % Change	August % Change	Actual FY 2012	Estimate FY 2013	Projected % Change
Personal Income Tax	\$ 507.1	\$ 533.9	5.3%	4.8%	\$ 3,634.3	\$ 3,786.7	4.2%
Sales/Use Tax	435.8	449.2	3.1%	0.2%	2,505.3	2,538.3	1.3%
Corporate Income Tax	36.8	62.0	68.5%	13.8%	520.7	511.3	-1.8%
Inheritance Tax	12.1	14.3	18.2%	21.4%	77.6	79.9	3.0%
Insurance Premium Tax	46.6	47.2	1.3%	1.5%	101.4	102.4	1.0%
Cigarette Tax	0.1	0.0	-100.0%	-100.0%	103.2	93.5	-9.4%
Tobacco Tax	2.5	2.5	0.0%	0.0%	16.3	16.1	-1.2%
Beer Tax	2.8	1.7	-39.3%	-100.0%	14.2	14.4	1.4%
Franchise Tax	4.7	4.4	-6.4%	-66.7%	41.5	40.3	-2.9%
Miscellaneous Tax	0.0	0.0	0.0%	0.0%	1.1	1.1	0.0%
Total Gross Taxes	\$ 1,048.5	\$ 1,115.3	6.4%	2.6%	\$ 7,015.6	\$ 7,184.0	2.4%
Institutional Payments	3.4	2.5	-26.5%	-11.8%	13.0	15.3	17.7%
Liquor Profits	16.1	18.0	11.8%	-28.7%	94.6	93.5	-1.2%
Interest	0.3	0.3	0.0%	0.0%	2.4	3.0	25.0%
Fees	4.7	4.7	0.0%	-6.9%	29.1	20.9	-28.2%
Judicial Revenue	10.8	10.1	-6.5%	-7.7%	113.8	112.0	-1.6%
Miscellaneous Receipts	4.6	6.3	37.0%	-15.4%	37.7	27.5	-27.1%
Racing and Gaming Receipts	0.0	0.0	0.0%	0.0%	66.0	66.0	0.0%
TOTAL GROSS RECEIPTS	\$ 1,088.5	\$ 1,157.2	6.3%	1.8%	\$ 7,372.3	\$ 7,522.2	2.0%
Accrued Revenue-Net*					16.6	15.1	
Tax Refunds **	-72.2	-51.3	-28.9%	-9.9%	-841.5	-919.0	9.2%
School Infrast. Refunds **	-84.8	-88.1	3.9%	1.8%	-407.9	-424.9	4.2%
TOTAL NET RECEIPTS	\$ 931.5	\$ 1,017.8	9.3%	2.3%	\$ 6,139.5	\$ 6,193.4	0.9%
<p>* The FY 2012 "Accrued Revenue-Net" is currently estimated.</p> <p>** For FY 2012 and FY 2013 Year-to-Date columns, refunds are presented on a cash basis. For FY 2012 Actual and FY 2013 Estimate, refunds are presented on a fiscal year basis.</p>							